Trustee

ROOT SUPPORTS WARFIELD PLAN

Says Public Ideas on Profits Block Roads' Return and Remedial Legislation.

FAVORS STATE BOARDS

Attacks Theory of Compelling Federal Incorporation in Letter to Convention.

Smaled Desputch to Tun Sev. Special Despotch to THE SUN.

St. Louis, May 13.—Elihu Root, in a letter read here vesterday before the Missouri Bankers' convention by S. Davies Warfield, president of the Natheral Association of Owners of Radional Association of Owners of Rad Davies Warfield, president of the National Association of Owners of Raiload Securities, declared that the real
difficulty in the matter of remedial railroad legislation and return of railroads
to private ownership is not a question of
banking, railroad operation or division
the tween Federal and State control, but
a very simple and stubbornly held opinion about railroad profits which pregails among the people of the United

viates.

Therefore is still great difficulty in carrying
out large overhauls and reinstating pastheir showings of the preceding quarter.
The fourth, the Chino Copper Company,
probably will issue its quarterly statement to-day.

The Utah Copper Company, the largest of the group, showed net earnings
available for dividends of only \$481.324,
pany, for 1918 gives an audited balance

rates so low as to prevent the most fa-vorably situated railroads from receiv-ing excessive returns for their service country to live will give to the most time no dividend had been paid on the favorably situated roads returns that the American people will not stand for. If that difficulty is solved all other questions are comparatively easy of solution.

Our present law leaves that difficulty as an insuperable obstacle to fair rate

Reads Should Have Fair Return

"If Congress fixes a fair rate of re-turn for the railroads of each rate mak-ing district as a whole and requires the rate making authorities to fix rates— which will presumptively yield that rate of return and that, in case any particular road makes more than the prescribed return, the excess shall be taken by the Government and disposed of equitably to promote the public interest in trans-portation, there is no reason why rall-road credit should not be reestablished railroad development proceed business of the country.

This being done, all the rest of these borate plans becomes mere machin-, much of it unnecessary machinery, including doubtless many useful pro-visions and some necessary provisions adequately provided for in your plan. "About the idea of compelling Federal corporation, whether applied to existing railroad companies or new consoli dated regional companies, I think that which is not only unnecessary but mischievous. The process of getting all the \$17,000,000,000 of railroad securities of the 2,300 railroads of the country away from the millions of present holders with all the litigation and injustice and dis-satisfaction and obstruction of credit invoived, would require so many years of controversy that it would not meet the present exigency. The patient would be dead before the remedy was applied and nothing useful would be gained after it was over. The power of Government to regulate the present corporation is pracally as complete as.it would be to reg-

State Commissions Necessary.

"There is really only one avowed purthat plan and that is to withdraw the athorities to overrule the State comerfere with the Interstate Commerc rates. The State commissions ought not to be destroyed. The people along the lines of the railroads in the several States ought to have near their home radies to which they can go for a referes of grievances against the railroads. They ought not to be correctled to so to They ought not to be compelled to go to Washington for that purpose. The State missions have been of great value hitherto and they ought to continue their useful service under the limitations imposed by the paramount necessities of "If the Federal incorporation plans anything more than I have stated

they mean Government ownership The same observation applies to the means an attempt to assure a given in-come independently of rates instead of assuring rates subject to a limit of in-come. The inevitable result would be no rates would be permitted be-those necessary to make the guar-good, and as the Government must make the guaranty good there would be neither opportunity nor incentive for private enterprise in the management or development of railroads. The only real Shancial interest and active control stimulated by interest would be on the part of the Government, and this would in-vitably to Government owner-Your plan makes the ratiroads for their living and assures them of a chance to earn it. The guaranty plan gives them their living, whether they work for it or not. That is fatal to enterprise and to efficiency."

Columbia Graphophone.

Klatel, Kinnleutt & Co. and William lomon & Co. have purchased an issue \$7,290,000 Columbia Graphophone 200.000 Columbia Graphophone scturing Company 7 per cent. cu-to sloking fund preferred stock, to being offered at \$95 and acends. The purpose of the er cont bonds; to retire \$2,200,...

1) 6 per cent, notes and to sup
litional working capital. On ction of this financing the Columpany will have no mortgage or debt, except a small purchase mortgage for \$29,000 due in The net profits of the company three and a quarter years ended March 31, after depreciation, taxes, but before allowing for interest, tich is being eliminated by this issue, erused \$1.731,058, or more then two day agrarter times the annual dividend differents on the preferred stock. rements on the preferred stock-ine fifteen months ended on March-ice net profits were at the annual of 12.159.303, or more than two three-quarter times the dividend re-

Norfolk and Western Offering.

Bernhard, Scholle & Co., the Bankers first Company of Pittsburg are fir subscription, at the market, so Norfolk and Western converti-sear 6 per cent, bonds dated 1, 1919, and maturing on Sep-1929. They are a part of a sorized and outstanding issue f \$17,945,000 represented by subscrip-September 1, 1929.

OCEANIC STEAM REPORT.

Profits of Marine Subsidiary Drop During 1918.

During 1918.

The annual report of the Oceanic Steam Navigation Company, a subsidiary of the International Mercantile Marine Company, which operates the White Star Line, shows a decline in profits for 1918 compared with the preceding year. Because of a cut of a per cent, in dividends paid during 1918 the final deficit was somewhat smaller than it was for 1917.

Net profits for 1918, before interest charges, depreciation and reserves, were approximately \$6,707.710, against \$7,671,305 in 1917. In 1918 interest charges advanced nearly \$100,000, and reserves for depreciation fell about \$5,000. Other reserves were half a million dollars less. Dividends paid during the year aggregated 17 per cent, on the outstanding capital stock, against 20 per cent, in 1917, the total for 1918 being \$2,181,590, against \$3,750,000 in 1917. The deficit, after dividends, totalled about \$660,000.

Two years ago the company paid off arrears of the preference dividend, established a \$3.750,000 reserve fund and paid a dividend and bonus aggregating will ruin the bulk of the railroads of the 2415 per cent. on the ordinary shares, country, while rates so high as to perprofits having jumped from \$2,750,000 mit the bulk of the railroads of the to more than \$7,000,000. Prior to that

WOULD ADD STOCK

Stockholders to Vote on Plans to Double Capital to Expand Business.

and Chemical Company are to be asked to vote on a proposition for the doubling of the capital stock of the company by the issuance of 400,000 new shares, ac cording to an announcement made yes-terday by the management of the com-pany. The proceeds of the issue will be used in expanding the business of the corporation by the construction of a large fertilizer plant on some new properties to be acquired in Tennessee, it

was announced.

The decision of the Tennessee managenent to enter into the fertilizer business is the result of a thorough investigation of the best manner in which it can disose of its tremendous output of sulphuric acid when its present contract with the International Agricultural Corporation expires in 1920. The Interna tional has been purchasing all of the sulphuric acid produced by the Tennessee under a contract which has proven very favorable to the International and will expire at the end of next year. The Tennessee management decided that it could make more money by constructing new fertilizer plants and utilizing its own sulphuric acid rather than by renewing the contract with the Interna-

sition to be submitted to them, the 400.600 new shares of no par value will be offered to present stockholders at the order of a share for a share of the old National Bank. railroads entirely from the jurisdiction stock now held. The shareholders will be commissions. This is unscessary because Congress has power to authorize the Federal rate making tion of subscription rights to be and deposits of the three banks in the merrounced after the stockholders shall gor are \$121,469,446 and the resources have approved the proposition. The sale of the three \$156,495,173, according to

have approved the proposition. The sale of the stock will not the Tennessee between \$400,000 and \$500,000 after the deduction of underwriting expenses, it is believed, and all of that amount practically will be spent in the new venture. The Tennessee Copper and Chemical Company has obtained valuable options on extensive acreage in the southeastern corner of Tennessee, almost on the Georgia line, and it is here that the new plant will be built, according to plans. None of the options has been exercised, as the company's experts are shares were the outstanding features in

as the site for the new plant.

The projected plant will include big The projected plant will include big mixing plants where phosphate rock will be treated with sulphuric acid, the resultant product being superphosphate used to get free phosphoric acid for fertilizing purposes. The company Reading advanced to 87%, Texas Parettilizing purposes. used to get free phosphoric acid for fertilizing purposes. The company believes its properties are in a very strategic position to make costs as low as possible and net returns of substantial size. The campaign of education along lines of intensive farming carried on by the United States Government and several States. iet returns of substantial site returns of substantial sit

effect on the fertilizer market and more and more farmers are coming to use the product. The company believes, according to one official, that that demand will he increased and that there is before the concern a splendid opportunity to 53½, all new high records for this year. start a new and very prosperous ven- On continued demand for silver mining

MICHIGAN R. R. SELLS BONDS. National Company Takes \$4,500,- 1011%. 000 Traction Issue.

The Michigan Railroad Company, which owns and operates interurban railways in Michigan, has sold to the National Company \$4,500,000 first mortgage five year 6 per cent. gold bonds, and the National offered the bonds yesterday at 95 and interest to yield 7,21 per cent. Thalmann & Co. yesterday announced reporting a wide distribution of the por-

industrial companies, which propose to is expected that the new company will do new financing, will sell new stock centralize operations and reduce over-issues. There are many negotiations for head expenses. the sale of public utility and railroad

Anglo-American Commercial Corp. stock of no par value. F. S. Smithers & Co. and Colgate, Parker & Co. have underwritten 41,000 shares of common stock of no par value of the Anglo-American Commercial Corof the Anglo-American Commercial Cor-poration and will shortly make a public offer of the issue. This is a part of an authorized issue of 150,000 shares, of which 116,000 shares are outstanding. The corporation also has \$400,000 \$ per cent, preferred stock outstanding. The Anglo-American Commercial Corporation has been formed under the laws of New York State to acquire all the property and business of the River Plate Com-mercial Company, Inc.

Exports From New York. Wheat, bu. 167,912; beans, bu. 660; change yesterday at a meeting of the flour, sacks, 15,183; bacons, lbs. 3,625,—directors. It was announced that James of definitive bonds and are consecuted by part into common stock of the part into common sto

COPPER COMPANIES EARNINGS DECLINE

Three Porphyry Concerns Had Big Reductions for First Quarter of 1919.

CUT OPERATIONS HEAVILY

Utah, Nevada Consolidated and Ray Consolidated Report Operating Losses.

Three of the four porphyry copper ompanies issued their income statements for the first three months of 1919 yesterday and all of them showed a big

wittes.

Mr. Root attacked the idea of compelling Federal incorporation as well as the dea of a Government guaranty. The letter, which supports Mr. Warfield's plan for constructive railroad developments, follows in part:

"The whole system of rate regulation and the whole business of transportation feet upon the necessity that rates for competing roads shall be the same. Yet rates so low as to prevent the most fa-

for the quarter up to \$481.824.

"The decrease in production," says the report, "was due to the fact that operations were curtailed to approximately a 13274 1 50 per cent. basis. A further reduction 72% of output does not seem to be immediately advisable, but if the heteroscients. diately advisable, but, if the betterment 1343 of industrial conditions is too long deliayed, this may become necessary to 181 further limit the accumulation of rotal 183 stocks. The operating cost per pound stocks. The operating cost per pound of copper for the quarter is lower than 2514 it has been for many months. It is anticipated that further and gradual 77 improvement in costs can be made, which will justify continued production at 1671/2 reduced capacity until such time as an 43

Increased demand for copper at fair market prices will warrant resumption of normal output."

The Ray Consolidated Copper Com-The Ray Consolidated Copper Company for the same quarter reports a net operating loss after deduction of income received from non-operating sources of \$152.298, against a net profit of \$1.105.562 for the same period in 1918. That company also reported a tremendous cut in production, the total for the quarter and the company also reported a tremendous cut in production, the total for the quarter and the company also reported a tremendous cut in production. production, the total for the quarter being 12,291,391 pounds, against 19,601,-149 for the final quarter of 1918. The average cost a pound was 15.15 cents, against 19.30 cents for the preceding

pany shows a net loss after deducting other income and depreciation for the \$310,070, or 15 cents a share on the out standing capital stock for the same period of 1918. Operations were greatly curtailed during the quarter, and the total output was reduced from 19,000,000 pounds to a little more than 12,600,000

ST. LOUIS BANKS MERGE.

Three Institutions Combine Into Largest Bank West of Chicago. Special Despatch to THE Sen.

Louis, May 13 .- St. Louis is to have the largest bank west of Chicago and one of the largest in the United States as the result of a merger an-nounced to-day. The Mechanics-American, St. Louis Union and Third National banks will consolidate and be known as the American Union Third National

new plant will be built, according to plans. None of the options has been exercised, as the company's experts are shares were the outstanding features in the trading on the Consolidated Stock and that which shows the best production of phosphate rock will be selected as the site for the new plant.

The projected plant will include big

stocks, Ontario Silver was bid up to 18% and others of the group gained fractionally. United States Steel com-mon ranged between 100% and 101%, closing at 1/2 better for the session

NEW COAL DELIVERY COMBINE

Subsidiaries Is Underwritten.

Spencer, Trask & Co. and Ladenburg tion sold.

Investment houses say that the outlook in the Sond market is good and that

of twelve to fifteen coal companies. It

underwriters will make an offering of \$2,500,000 preferred stock of \$100 par value and 100,000 shares of common

Spiember 604 LARD-May 88 BUS-AS Sun Company Bond Offering. Montgomery & Co. are offering at \$81\(\frac{1}{2}\) and interest, \$6,000,000 Sun Company ten-year 6 per cent, gold debenture bonds dated May 1, 1919, and maturing May 1, 1929, being part of an authorized issue of \$20,000,000. They are callable in whole or in part on any interest date at 101 and accrued interest and are redeemable for the sinking fund at par and accrued interest.

accrued interest. Elect Seymour Cromwell.

Seymour Cromwell was elected a vice-president of the New York Stock Ex-

NEW YORK STOCK EXCHANGE PRICES.

8ales. 100 Peoria & Eastern. 1100 Pere Marquette 200 Pere Marquette prior pf. 6 2500 Philadelphia Co. 4 4200 Pierce Arrow Motor. 5 11400 Pierce Oil Corp. 100 Pitts, C C & St Louis. 4 2700 Pittsburg Coal of Pa. 6 2900 Pittsburg & West Va. 1 600 Pittsburg & West Va. 1 4700 Pressed Steel Car. 4 600 Pullman Co. 11 7200 Railway Steel Spring ... 875 55 Railway Steel Spring pf. 108 7000 Ray Consol Copper 500 Saxon Motor 800 Seaboard Air 100 Sears-Roebuck Co 1200 Shattuck Arizona Copper 55700 Sinclair Oil & Ref...... 1800 Sloss-Sheffield S & I..... 58400 Southern Pacific 58400 Southern Facinc
8200 Southern Railway
200 Southern Railway pf...
10000 Studebaker Corp pf...
2000 Superior Steel Corp 108 109% 107% 108 29% 31 29% 30% 68% 68% 68% 68% 68% 81% 81% 80% 80% 100 100 100 100 40 41% 40 40% 15 15% 15 15% 275 275 271% 275 4714 4914 4714 18 19 18 8934 8934 88 700 Transue & Williams Steel 48% 48% 48% 100 Underwood Typewriter ... 185 185 185 185 185 185 1800 Underwood Typewrit pf. ... 110 110 110 110 1800 Va-Caro Chemical 200 Va-Caro Chemical pf.... 100 Va Iron, Coal & Coke.... 4100 Wabash

AFTER WHEAT PESTS.

Federal Experts Studying Diseases

Discovered in West.

WASHINGTON, May 13 .- Aithough two

wheat diseases recently discovered in Madison County, Ill., and which previ-

ously were unknown in this country, may cause heavy lorses to individual farmers, the losses in the area affected will have no appreciable effect on the

total production of this year's wheat crop, said a statement issued to-day by the Department of Agriculture. The first of the two diseases, said the state-ment, apparently is identical with the

Both pests are known extensively h

Madison County, are of the opinion that

try in seed shipped from Australia. As a result, a nation-wide survey is in pro-gress to find if either or both of the direases have been introduced anywhere

else in the United States. All grain prowers have been urged to help their state experiment stations and the Fed-

rai authorities in this work and there-

which have had such serious effects

GRAIN MARKETS.

CHICAGO, May 13.—Decided setbacks in the price of corn resulted to-day largely from the fact that weather conditions for planting and for the crop movement were better than had been looked for. The market closed weak, 2%, to 4% c. net lower, with July 164% to 164% and September 156% to 156%. Outs finished 1% to 1% down and provisions off 5 to 45 cents.

CORN—The market vesterday reacted from Monday's high level, the closing flatures being 2% 2% % onet lower. May, which showed the greatest atrength on Monday, experienced the largest losses. In the local cash market No. 2 yellow was quoted at \$1.92%. No. 2 white. \$1.91% cost and freight New Tork.

OATS—The market yesterday was weak throughout the greater part of the day, closing at net losses of 1% 21% o. for the day. The local cash market was easy, atmodred and No. 2 white quoted at 12% \$150c. No. 2 white, 72% \$11% o. 72% \$125. No. 2 white, 72% \$11% o. 73% \$12% o. 73% \$11% o.

Fork.

BARLEY—Market weak pesterday.

Peeding \$1.19: maiting, \$1.26. cost and

reignt New York.

BUCKWHEAT—Market quiet yesterday.

found milling, \$2.55, cost and freight New

York.

HAY—Market steady yesterday. No. 1, 12.25; No. 2, 12.15@2.20; No. 3, 12.21.10.

STRAW—Market quiet yesterday. No. 1 rye, \$15.616 a ton.

CHICAGO PRICES.

INTERIOR RECEIPTS.

SEABOARD CLEARANCES.

Custom House Receipts. Receipts for duties at the Custon House yesterday were \$523,345.76, of which \$92,625.35 was for merchandise \$431,320.41 for recent importations

Wheat. 584 000 £29,600 242,000

Corn. \$66,000 \$49,000 638,000

17616 176% 16616 168 13716 159

y aid in preventing the spread of posts

Australia and Federal experts, sent

foreign countries smut of wheat

the diseases were

PLAN BIG COTTON EXPORT COMBINE

Producers and Dealers Have Project of Pool With \$100,-000,000 Capital.

WOULD FINANCE TRADE

Draft of Proposed Powers to Be Submitted to New Orleans Meeting.

plan of organization for the American Cotton Export Financing Corporation, a pool of cotton producers and dealers, for export trade, as made known here today at a conference of cotton interests, provides for a corporation capitalized at \$100,000,000, to be paid largely in Liberty bonds.

The corporation would be empowered to accept a wide variety of foreign securities and to market them in this country or to issue bonds of its own. It also could acquire control of foreign cotton manufacturing plans. Provision also is made in the organization plan for the corporation to lend money to dealers or shippers on security of warehouse receipts in cases in which cotton is being assembled for export. Thus it would finance the entire export

The draft of the proposed powers for this week to the entire conference of representatives of the cotton interests at without material modification is ex-pected. The corporation would be au-thorized to begin business when the amount of capital stock subscribed amount of capital stock subscribed should reach \$20,000,000, with 50 per

cent. paid in.
In addition to finding a market abroad for cotton and cotton products and mak-ing necessary contracts, the corporation would be empowered to deal in notes, drafts, dhecks, bills of exchange, ac-ceptances, cable transfers or other evi-dences of indebtedness.

It could take bonds of foreign Govern-

ments or of foreign banks, syndicates or other private business firms and make loans to those foreign interests on the security of their obligations. By that means the corporation virtually would sell its cotton to foreign purchasers on credit, raising money in this country on security of the foreign bonds to finance the operations.

Another power proposed for the corpo ration would be "to acquire the good will, business, rights, property and obligations of any individual partnership or corporation carrying on business similar or cog-nate to the business which this corpora-tion is authorized to conduct, and to pay therefor in cash, bonds or other obligations of this corporation." That power would pave the way for the corporation to absorb other cotton experting organizations, and is understood to constitute one of the principal subjects of disagree-ment among the organizers.

Authority would be given the corpora-

tion to act in any part of the United States or in any foreign country on its own account and as agent, trustee, broker or consignee in dealing in cotton, cotton yarns, cotton goods, seed, and seed and other vegetable oils, providing the articles he meant solely for export. Executor

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SOUTH AMERICA

American Investors Should Know About Brazil

THE present economic strength of the United States of Brazil is indicated by the following facts:

A S a producer of two of the most essential staples, rubber and coffee, she ranks first among the nations of the world. Brazil is second only to the Gold Coast of Africa in the world's production of cocoa. Brazil ranks third as an exporter of tobacco and fourth as to the number of her cattle available for food. Brazil stands sixth as a producer of raw cotton and seventh as a producer of cane sugar.

BRAZIL ranks second among the countries of South America in her manufacturing industries and in the mileage of her railroads. Her mileage of navigable rivers exceeds that of all other countries. Her area exceeds that of all countries except Russia. China and Canada.

THE above facts concerning Brazil's present economic strength are not fully appreciated by American investtors, nor are the tremendous future possibilities of this rich but undeveloped country fully grasped by the American business public.

RAZIL'S future economic power lies in the greatness of her resources as yet untouched and unexploited. Her present production of world staples represents but a small proportion of the attainable produc-

HER known mineral resources have limitless possibilities, particularly as many are accessible to water transportation. Her cotton yield is but a fraction of its possibilities, there being comparatively little of the available cotton land under cultivation. The Brazilian Government is making an energetic effort to develop agriculture, factories and transportation and has sincerely sought the lead and assistance of the United States.

MPORTS from the United States enjoy special privileges and American money invested in Brazil is money invested in our only South American Ally in the European War.

IMBRIE & Co.

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